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TO Department of State

FROM Amembassy TRIPOLI DATE: February 26, 1970

SUBJECT Amendment to Libyan Petroleum Law

REF

Begin Unclassified

On February 13, the LARG announced the amendment of Article 2 of the Libyan Petroleum Law (Law number 25 of 1955). The amendment has the effect of abolishing the High Petroleum Council, which was a ministerial committee, chaired by the Min[illegible] of Petroleum, responsible for reviewing and passing to the Council of Ministers the recommendations of the Minister of Petroleum on concessionary and oil policy matters. The High Petroleum Council was intended to provide the Council of Ministers with an "expert second opinion" on important petroleum matters. The High Petroleum Council rarely was able to perform this function effectively, however, and its abolition removes an essentially redundant element from the LARG's oil policy mechanism. Under the amended Article 2, the recommendations of the recently re-named Ministry of Petroleum and Minerals are to be passed directly to the Council of Ministers, which exercises ultimate decision making authority. An unofficial translation of the amendment is enclosed.

End Unclassified

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Comment: Under Secretary of Petroleum and Minerals, Lisa QABLAAWI, commented to an Embassy officer that this amendment is intended to

Enclosure:
Amendment to Article 2 of Petroleum
Law No. 25 of 1955

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nationalize procedures to accelerate and clarify the means for decision making on matters affecting petroleum policy. He observed that one of the first beneficiaries of the new procedure is likely to be Pan American Libya, which is seeking LARG approval for an assignment of a portion of its Concession 76 in southwest Libya to the Italian state firm, AGIP. In separate remarks, Pan American's manager noted the assignment had been pending since shortly after the September revolution, but a decision had been blocked under the government of Prime Minister Mahmud MAGHRABI because of the latter's refusal to sit on the High Petroleum Council in a subordinate capacity as Minister of Finance. The Pan American assignment should be the first test of both the amended Article 2 and the handling of important, but operational, petroleum matters by the government of RCC President and Prime Minister QADHAAFI.

The Embassy also notes the LARG will be able to move more rapidly and with greater flexibility to consider new concession or joint venture applications, should it choose to exploit this inducement for a settlement with selected companies in its current negotiations on posted prices.

PALMER

UNCLASSIFIED

February 13, 1970

Amendment to Article 2 of Petroleum Law No. 25 of 1955

1. The Minister of Petroleum and Minerals shall present to the Council of Ministers for consideration and issuance of a final decision the matters stated in paragraphs a) and b) below:

a) The granting of licenses for exploration and the complete abandonment of the concession area.

b) The granting and cancellation of concession deeds, acceptance and rejection of assignments thereof, decisions on recourse to arbitration, and the opening of applications for concessions.

2. The decree comes into force on the date of its publication in the Official Gazette.

SOURCE:
Translation Service,
February 14, 1970.

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